REMARKS AND ARGUMENTS

I. Status Of Claims

Claims 1-16 are pending.

Claims 1-16 stand rejected.

II. Claim Objections

The applicant thanks the examiner for pointing out the superfluous word "etc" in the claims. In the claims 5, and 8, 10-11 the word "etc." has been deleted.

III. Claim Rejections 35 USC §101

The applicant thanks the examiner for pointing out the requirements for computer based inventions. In the claims 1 and 14 the word "computer" has been added.

IV. Claim Rejections 35 USC §112

As pertaining to claims 1-2 and 4 and 5, claim 1 has been amended to indicate that notification to either the buyer or the seller is conditioned upon satisfying a predetermined criteria. Claim 2 has been deleted.

V. Rejection Under 35 USC §103

The examiner has rejected claims 1-16, under 35 USC §103(a) as being unpatentable over Warren E. Agin, Using the Internet Auctions to Sell Bankruptcy Estate Assets, The Cyberspace Lawyer, Vol. 4, No. 6, October 1999 in view of Ruckson, et al. (6,415,270) and further in view of Robert F. Reilly, What Accountants Need to Know About the Bankruptcy Valuation Process, Ohio CPA Journal, Vol. 51, No. 3, June 1992, pp. 13-20.

The starting point for ascertaining whether a patent is invalid on the ground of "obviousness" is the case of Graham v. John Deere Co., 383 U.S. 1 (1966). Under § 103, the scope and content of prior art are to be determined; differences between the prior art and the claims at issue are to be ascertained; and the level of ordinary skill in the pertinent art to be resolved. Against this background, the obviousness or nonobviousness of the subject matter is determined. An invention is not obvious merely because it is a combination of old elements, each of which were well known in the art at the time the invention was made. Rather, if such a combination as is found in the invention is novel, the issue is whether bringing them together as taught by the applicant was obvious in light of the prior art.

A claimed invention is prima facie obvious when three basic criteria are met: (1) there must be some suggestion or motivation, either in the references themselves or in the knowledge generally available to one of ordinary skill in the art, to modify the reference or to combine the teachings therein; (2) there must be a reasonable expectation of success; and (3) the prior art reference or combined references must teach or suggest all the claim limitations.

The references cited, individually or in combination, contrary to the examiner's position, do not teach, disclose, or provide the motivation for one skilled in the art to develop the novel features of the present invention as suggested by the examiner, as will be shown.

The critical inquiry is whether there is something in the prior art as a whole to suggest the desireability (suggestion or motivation), and thus the obviousness, of making the combination. The Agin article in view of Ruckson, et al. (6,415,270) patent and further in view of Robert F. Reilly cited by the examiner do not suggest as a whole the desireability of the steps performed by the present invention, and thus the obviousness, of making the combination found in the present invention. None of the references show the overall combination of the invention as claimed and therefore, do not provide a proper reference.

Furthermore, the examiner argues that the present invention is made obvious because Agin discloses using debtor's...customer lists. Presumably the examiner's point is that these lists refer to a plurality of buyers as stated in the preamble of the present invention. The references the examiner uses seem to refer to the preamble to the claim (not the claim itself). However, the preamble is not limiting, because it merely states the purpose or intended use of the invention.

Although it may be true, arguendo, that as Agin writes: "FairMarket also advertised the auction using its and the debtor's existing customer lists", the present invention makes no such reference to using existing customer lists, neither in its claims nor its specification. Claim 1 states: "...an auction of at least one claim or asset in bankruptcy to a plurality of buyers..." The class of buyers is broader than the class of "customers". The present invention indicates that a subset of the data within creditor list stored in the data store is generated using filtering to populate a schedules database that is used to analyze financial and market data to potential buyers and determine likely timing of amounts of distribution (Para. 14, pg. 4). Identification of potential buyers is then made based on factors, such as previous purchasing behavior, industry links, buyer predetermined preferences, market research, etc. (Para 15, Pg. 4)". The present invention refers to previous purchasing behavior, but does not imply it uses "...the debtor's existing customer lists."

Furthermore, the present invention makes no reference in its claims about setting a reserve, but clearly most auctions have the ability to set a reserve, it is one of the common features found at auctions. And, although Agin offers the observation that "On-line auctions have *not yet become* a popular method of selling estate assets" these are general statements about the present state of the industry and do not deal with process and structure, and for that reason none of Agin's statements are pertinent to the present invention (emphasis supplied).

In fact the examiner correctly observes that Agin does not disclose that the buyer was notified that his bid was accepted. Respectfully, the conclusion that it is implicit that "...the auction was more successful than predicted and one would not receive the proceeds from the auction without notification to a buyer" is both unsupported and a *non sequitor* as it relates to the notification that a bid has been accepted. Importantly, there is nothing in Agin that would serve as an element that suggests the desireability, and thus the obviousness of the invention as disclosed by the applicant.

Along related lines, Agin does not disclose what happens if the bid meets the predetermined criteria and that the auction records the accepted bid if it does. Requirements of the bankruptcy statutes insofar as reconciliation of amounts received for the assets is unsupported. The difference between the present invention and prior are is apparent because the reference simply does not recite any critical element of the invention. Appellant therefore respectfully requests that the examiner provide such a reference that teaches or suggests the step

of recording said accepted bid when a registered buyer's bid is accepted according to a predetermined criteria.

That Fair Market may have utilized the internet as a means to auction its bankruptcy assets does not with specificity indicate the mechanism by which this occurs. In the method of the present invention the on line auction proceeds through definitive steps which are not ascertainable through a reading of Agin. For example, although AtlanticRancher, a catalog clothing company, also sold its product line through a Yahoo! Web site, it does not indicate the elements of the methodology or system to accomplish these ends, but merely indicates that the preamble to the claim (not the claim itself) has support in the prior art. A preamble is not limiting where it merely states the purpose or intended use of the invention.

The first instance where the examiner arguably points to a claim element is where she refers to "Placing and indication of the availability of at least on of said assets..." Fairmarket downloaded pictures and marketing descriptions, but the article did not indicate that it used these to notify the plurality of potential buyers. It did download pictures, but the article is not clear as to why. If applicant were to concede arguendo, that a memory containing code exists someplace in the Fairmarket system, and that Fairmarket by placing an indication of the availability of at least one of the assets at a remote site on the network, it would still not permit one skilled in the art to read Agin's description of the Fairmarket system and conclude that downloading pictures constituted notification. Having pictures on a website is passive, notification is active. In the present invention "buyers may pre-store preferred methods of notifications such as the illustrated e-mail notification 90, letter 100 or phone call 110 (Para 16, pg. 5)." These are active methods in furtherance of notification. There would be no motivation to combine downloading of pictures with the present invention for purposes of notification. There would be in fact no motivation on the part of FairMarket, to the extent we can assume it is a process, to combine its downloading pictures with the steps of claim 1, because the present invention deals with buyers who have predetermined they buying criteria. The downloading of pictures has no relevance to claim 1 elements of the present invention that for example disclose the steps of: notifying at least one of said buyers predeterminedly expressing interest in items contained within said claims or assets of the availability of said at least one claim or asset; determining a market value of said at least one claim or asset based on historical data of same or similar claims or assets; dynamically adjusting said market value based on known factors; receiving bids from at least one of said buyers over

said network. Accordingly, the reasons for rejecting the claims are not sustainable and the applicant respectfully requests that the rejection be withdrawn.

The examiner suggests that the step of "...notifying at least one of the said buyers predeterminedly expressing interest ..." is suggested by Agins's statement that FairMarket "advertised the auction using its and the debtor's existing customer lists." It would seem more logical that customer's of the debtor would not need the goods, inasmuch as they are customers that presumably satisfied their need to acquire a particular article in the past. In the present invention only potential bidders having predetermined criteria are notified. The idea of a list of "predeterminedly expressing interest" potential buyers is found throughout the present specification, but does not appear in FairMarket. As such this important aspect of qualifying the notification would in any case be missing and Agins' reference to FairMarket and lacks in providing any motivation to notify potential bidders with their requirements in mind.

And, the potential buyer who receives notification of the auction may or may not be registered, but as indicated, the preferred embodiment would require that the buyer who ultimately bids on the auction be registered. As stated "Although figure 1c represents a preferred embodiment, it would be appreciated that the process disclosed is not limited to only registered client or member buyers but may include unregistered buyers also (Para 18, pg. 6)." To make this point clear the applicant has amended claim 1 to indicate that the receiving bids are from "...at least one of said registered buyers over said network..." Expressing an interest in being notified is not the same as expressing an interest in purchasing anything. The buyer's predetermined or preferred interests and notification method may then be used to inform a *registered* client or *member* of subsequent auctions having similar assets. Assets within a database may then be identified, using an identification number, for example, corresponding to the buyer's preference. However only registered clients or members are permitted to submit a bid related to one or assets in bankruptcy, after being notified of the availability of the asset (Para 38, ln. 1-3). Nowhere is it indicated that a debtor's existing customer is in this class of potential bidder, except as they might join to become "a registered client or member". That would require Agin to disclose other steps, which it has not. Agin therefore fails in any suggestion of the desirability of providing such a feature. Accordingly, the reasons for rejecting the claims are not sustainable and the applicant respectfully requests that the rejection be withdrawn.

Agin does not disclose or suggest the step of "notifying one of said at least one buyers of acceptance of a corresponding bid when said bid satisfies predetermined criteria". This claim 1 element has a limitation that notification occurs when *bid satisfies predetermined criteria*. The examiner has chosen to infer from Agin that "one would not receive the proceeds from an auction without notification to a buyer". But the claim is also drawn to satisfaction of a predetermined criteria, which has been ignored. In fact is not clear from the article how familiar Agin is with the FairMarket system, and as such it makes it impossible to infer from his remarks that that one would not receive the proceeds from an auction without notification to a buyer and further imply that this is based upon meeting a predetermined criteria. In fact it is not possible from Agin, who merely reports on another system, so as to read into Fairmarket's system its teaching and truely understand the motivation for one skilled in the art to develop the novel features of the present invention. Applicant submits that the examiner's use of Agin's reference to FairMarket is not appropriate because it only supplies disconnected parts of a system or process, not the whole system required to fairly compare the present invention as required by Deere. There is no indication that combining the features provided by Agin would lead to or reasonably lead to an expectation of success when combined with the Reilly and Ruckson references. Accordingly, the reasons for rejecting the claims are not sustainable and the applicant respectfully requests that the rejection be withdrawn.

Reilly does not suggest or disclose technology, but simply discusses bankruptcy valuation process. No reference is made to a process of methodology for carrying out a process. Respectfully, Reilly amounts to a collection of ideas. An internet search using the words "bankruptcy valuation" turns up over 247,000 hits. It is a common term. The present invention discloses several valuation methods, the inventive ones of which are novel and incorporated by reference to valuation. The present invention teaches a solution to the difficulty in determining a fair market value for claims where a limited trading community further hinders the auction process. Hence, in an auction of bankruptcy assets a seller may not know whether the value received is too low and, correspondingly, a buyer may not know whether the price paid is too high. Reilly may speak to the state of appraising assets, but he does not address structure or a solution (within the subject matter of 35 U.S.C. 101) to determining a fair market value for claims where a limited trading community further hinders the auction process. It is therefore not possible to apply the standard that (1) there must be some suggestion or motivation, either in the

references themselves or in the knowledge generally available to one of ordinary skill in the art, *to modify the reference* or to combine the teachings therein; (2) there must be *a reasonable expectation of success.*

The examiner acknowledges that Agin does not disclose the structure of the auction structure of receiving bids from at least one buyer over said network, but offers Rackson as a reference that does disclose an auction structure of receiving bids from at least one buyer over said network.

Rackson is a multi-auction service system and method for replicating an item to be auctioned at a plurality of remote auction services, where the multi-auction service detects bids at the plurality of remote auction services for the item in order to replicate the optimal bid at each of the remote auction services such that the optimal bid is afforded to a bidder or seller. Auctions must receive bids to carry out their express purpose. Rackson does not indicate that auctions inform losing bidders and that sellers are notified when the buyer does not meet its predetermined criteria so as to succeed in receiving the bid. What distinguishes the present invention from Rackson is that the present invention not only notifies the buyer of the acceptance of the bid when the bid satisfies the predetermined criteria, but also if at least one of the registered buyer's bid does not satisfy the predetermined criteria, then it notifies the seller that said accepted bid fails to satisfy said predetermined criteria. The seller notification process may inform the seller of the buyer's need. The seller may then inject additional claims or assets into the auction process to satisfy the buyer's needs. Bids and subsequent sale price are then stored at to provide data for subsequent determination of market value for same or similar assets. Therefore, one benefit is that if the claimed value volume is less than the buyer's needs, then a seller notification process is initiated. Bids and subsequent sale price are then stored to provide data for subsequent determination of market value for same or similar assets.(Para. 27, pg. 9). Rackson does not mention these features. Rackson's invention is drawn to a process for allowing a bidder to communicate with a multi-auction service to allow the multi-auction service to selectively place bids at remote auction services. Recall that in the present invention one of the objectives is to have a predetermined preference for those that may be bidders. In fact one way to achieve this is to register the bidders. Rackson doe not deal with registering the bidders for this purpose.

Before the prior art reference can be combined with an element of the present invention the examiner must submit at least one reference showing the overall combination as claimed; that is, a basic teaching or basic reference must be shown to exist. Rackson alone does not show the overall combination, with the claim 1 (as amended) elements for "...determining a market value of said at least one claim or asset based on historical data of same or similar claims or assets; dynamically adjusting said market value based on known factors and receiving bids from at least one of said registered buyers over said network..."

Furthermore, even if the references were combined in some manner, the combined teachings would not, as shown above, include each of the steps of the instant invention because the instant invention would not work (would not be enabled). The combined reference do not provide any clue as to how the various references could be drawn together to make obvious the present invention. Applicant respectfully requests reconsideration, withdrawal of the rejection and allowance of claim 1.

The examiner rejected claim 12 by citing the same references used in rejecting claim 1. Thus applicant's remarks made in response to claim 1 are repeated with regard to claim 12. Accordingly, applicant submits that in view of the remarks made with regard to the rejection of claim 1, which are repeated herein in response to the rejection of claim 19, the examiner's rejection of claim 12 can no longer be sustained. Applicant respectfully requests withdrawal of the rejection and allowance of claim 12.

The examiner has rejected each of the dependent claims based on a rejection of the independent claim from which they depend. Accordingly, the applicant's remarks made in response to claims 1 and 16 are also applicable in response to the rejection of each of the dependent claims 3-13 and 15-16. In view of the remarks made with regard to the rejection of claims 1 and 14, which are repeated herein in response to the rejection of the dependent claims, applicant respectfully submits that the examiner's rejection of the dependent claims can no longer be sustained. Applicant respectfully requests withdrawal of the rejection and allowance of each of the dependent claims.

Applicant submits that the reasons for the examiner's rejection of the claims have been overcome and can no longer be sustained. Applicant respectfully requests reconsideration, withdrawal of the rejection and allowance of the claims.

VI. Conclusion

Having addressed the examiner's objections to the specification and rejection of the claims under 35 USC §103, applicant submits that the reasons for the examiner's rejection have been overcome and can no longer be sustained. Applicant respectfully requests reconsideration, withdrawal of the objections and rejections and that a Notice of Allowance regarding claims 1-16 be issued.

If the examiner believes that the prosecution of this matter may be advanced by a telephone call, the examiner is invited to contact applicant's attorney at the telephone number indicated below.

VII. Fees

An extension for response within the first month is requested and a fee due is $110. No other fees are believed necessary for filing this response, however, the Commissioner for Patents is hereby authorized to charge any additional fees or credit any excess payment that may be associated with this communication to Duane Morris LLP deposit account **04-1679.**

Respectfully submitted,

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Joseph R. Carvalko, Jr.
Reg. No. 29,779

DUANE MORRIS LLP
380 Lexington Avenue
New York, NY 10168
(212) 692 1052
(212) 692 1020

JRC/sd